



Bank Notes

A Newsletter for Michigan Lenders

July 10, 2008

Issue 151

TRAINING FOR SBA LENDERS

The Michigan District Office's Lender Relations Staff will be presenting loan seminars at six locations throughout Michigan in late August and September. You will receive more detailed information on them, including their cost and how to register, within a few weeks.

In the morning, we will cover the basics of regular SBA lending followed by the SOP changes that will be effective August 1, 2008. The afternoon session will cover the guaranty purchase process (including the required loan documentation) and the new Small and Rural Lender Advantage Initiative. Lenders are encouraged to attend the full program, but may attend either the morning or afternoon sessions only.

2009 Michigan SBA Lenders' Conference

Mark your Calendar! SBA's 11th Annual Michigan SBA Lenders' Conference will be held March 20, 2009 at the Kellogg Center at Michigan State University in East Lansing. Cosponsored by the Michigan Small Business and Technology Development Center, the conference will feature training sessions on a wide range of topics for a variety of bank personnel.

The much anticipated SBA's Lender awards will be presented during lunch.

If you have any suggestions for this conference, please do not hesitate to call Richard Temkin or Allen Cook at (313) 226-6075.

The seminars will be held at the following locations:

Livonia (Schoolcraft College), August 26
Grand Rapids (GVSU), August 27
Marquette (location TBA), September 4
Mt. Pleasant (location and date TBA)
Gaylord (location and date TBA)
Lansing (location and date TBA)

This is the tentative agenda:

Morning Session: 9 a.m. – Noon

The Basics of SBA Lending and How to Submit a Loan

Covers the requirements for SBA lending and how to submit an application through SBA's centralized processing center. This will include the updates from the new SOP 50-10-5.

Lunch: Noon – 1 p.m.

Afternoon Session: 1 p.m. – 4 p.m.

Loan Documentation and the Guaranty Purchase Process

Understand the 10 tab documentation required to support your request when you need to ask SBA to honor its guaranty. The 10 tab process also provides an excellent guide to effective loan documentation.

The New Small and Rural Lender Advantage Initiative

Learn the simplified application process for loans up to \$350,000. This is available only for lenders doing less than 20 SBA loans per year.

U.S. Small Business Administration

477 Michigan Avenue, Detroit, MI 48226

P (313) 226-6075; Fax (313) 226-4769; E-mail michigan@sba.gov

Michigan Lender's Web site www.sba.gov/localresources/district/mi/mi_lenderspage.html



Fiscal 2008 Third Quarter Lending Report

Loan program activity through the third quarter of fiscal 2008 for the Michigan District Office is shown below. While 7(a) lending is down significantly, this is due largely to a substantial decline in our SBA *Express* loans. On the other hand, 504 loans are up 17%. The 78% increase in "other 7(a) loans" reflects the successful impact of SBA's Standard 7(a) Loan Guaranty Processing Center. Loans to businesses owned by veterans and women are two important markets we continue to track. As always, we appreciate your support of SBA's loan guaranty programs.

	<u>Fiscal 2007</u>	<u>Fiscal 2008</u>	<u>Change</u>
504 Loans	151	176	17%
SBA <i>Express</i>	2,074	1,134	-45%
PLP	311	281	-10%
Other 7(a) Loans	93	166	78%
Total 7(a) Loans	2,478	1,581	-36%
7(a) Dollars	\$288,392,000	\$242,060,000	-16%
504 Dollars	\$81,405,000	\$86,438,000	6%
Loans to Veterans	106	97	-8%
Loans to Women	458	304	-34%

Lenders Supporting the 504 Loan Program

Through the third quarter of fiscal 2008, under the 504 Loan Program we approved 176 loans worth over \$86 million. These loans were supported by 61 different third party lenders. The following lenders supported seven or more 504 loans:

Lender	# of Loans
Bank of America	13
Chase	13
Fifth Third Bank	13
Citizens Bank	11
Zions First National Bank	8
Macatawa Bank	8
Huntington National Bank	7

SBA's 504 Loan Program provides long-term, fixed rate, subordinated financing for acquisition and/or renovation of capital assets, including land, buildings, and equipment. With 504 financing, the typical financial structure consists of 10% from the borrower, 50% from the commercial lender, and 40% from the Certified Development Company (CDC). The CDC portion is provided by 100% SBA guaranteed debentures, and the **current interest rate for the 20 year bond is 6.65%**.

For more information, please contact one of the CDCs listed in the column to the right. These organizations specialize in packaging 504 loans and will manage the entire process to ensure it goes smoothly.

Bank Notes Distribution

If you know someone who would like to receive future issues of Bank Notes, they will need to subscribe through SBA's Free Newsletter and Publication Subscription Center.

The process is easy. Simply go to Web page <http://web.sba.gov/list/>; scroll down and check the box entitled "Michigan Bank Notes Newsletter." Then scroll down and enter your name and e-mail address at the bottom of the page and hit the "Subscribe" button.

Michigan Certified Development Companies

Economic Development Foundation-Certified

Grand Rapids, (888) 330-1776

Lakeshore 504

Grand Haven, (616) 846-3153
Holland, (616) 392-9633

Metropolitan Growth and Development Corporation

Detroit, (313) 224-0820

Michigan Certified Development Corporation

Cadillac, (231) 878-1302, ext. 30
Kalamazoo, (269) 492-3140
Lansing, (517) 886-6612
St. Clair, (810) 329-4340

Oakland County Business Finance Corporation

Waterford, (248) 858-0765

SEM Resource Capital

Grand Rapids, (616) 242-5153
Livonia, (734) 464-4418



Tax Savings Resource Center

SBA has created an online tax savings resource center to help small businesses understand how they can benefit from the 2008 economic stimulus package. The package includes the following tax incentives for businesses: a 50% bonus depreciation allowance on equipment purchased and placed in service in calendar 2008 and an almost 100% increase in the amount (from \$128,000 to \$250,000) that a business can expense for equipment purchased and placed in the business tax year beginning in 2008.

SBA's new tax savings resource center demonstrates the benefits entrepreneurs can gain from the 2008 economic stimulus package. Please make sure your customers know about these new tax incentives and about SBA's resource center.

The center, located on www.sba.gov/stimulus, contains three resources:

1. **Fact Sheet** The fact sheet provides a clear explanation of the small business tax benefits.
2. **Depreciation Calculator** This useful tool provides an estimate of the first-year depreciation available under the provisions.
3. **Online Seminar** This brief tutorial summarizes the tax benefits and concludes with the depreciation calculator.

These resources should help small businesses take advantage of the stimulus package. However, because there are exceptions and additional requirements, small business people are encouraged to contact their tax advisor to determine exactly how the provisions and implementing tax code of the 2008 economic stimulus package apply to their business. They may also refer to the IRS Web site for additional information: <http://www.irs.gov/newsroom/article/0,,id=179227,00.html>.

USCIS (INS) Verification

To verify Legal Permanent Residency status, you must mail the USCIS G-845 form to the U.S. Citizenship and Immigration Services in Los Angeles at the address below. SBA has provided a list of SBA lenders to USCIS and you need to use the name of your bank as provided by SBA. If you have any problems, please contact the Michigan District Office to ensure that verification of an alien's status can be completed prior to disbursement.

U.S. Citizenship and Immigration Services
300 N. Los Angeles Street, B120
Los Angeles, CA 90012
Attn: Immigration Status Verification Unit

SOP 50 51 Follow-up Project Launched

As a continuation of the very successful SOP 50 10 modernization project, SBA has announced the launch of a follow-up initiative to modernize the agency's main loan liquidation/recovery Standard Operating Procedure, SOP 50 51.

As part of the first phase of the SOP 50 51 project, SBA is seeking specific, written feedback from a range of users – including lenders and SBA personnel – on how to modernize and improve the SOP (and SOP 50 52 for disaster servicing/liquidation issues). Feedback may include suggestions regarding the document's structure, the types and amounts of information required for the SOP, information that could be included in other materials (such as FAQs) and the use of technology.

Comments should be sent to the following mailbox: SOP5051@sba.gov. The agency looks forward to working with our lenders to make the new liquidation SOP a reality in early 2009.